



Los Angeles County AUDIT COMMITTEE

Clinton Tatum, Chair
2nd District
Brence Culp, Vice Chair
3rd District
Louisa Ollague
1st District
Sheri Sakamoto
4th District
Angela Mazzie
5th District

AUDIT COMMITTEE

MEETING MINUTES

January 16, 2003

Chairperson Clinton Tatum called the meeting to order at 1:06 p.m. in the Conference Room of Room 525 at the Kenneth Hahn Hall of Administration.

Committee Members Present

Clinton Tatum, Second District

Louisa Ollague, First District

Angela Mazzie, Fifth District

Others in Attendance

DeWitt Roberts, Auditor-Controller

Pat McMahon, Auditor-Controller

Avianna Uribe, Assistant Deputy, First District

Miriam Simmons, Senior Deputy, Second District

Wendy Aron, Deputy, Third District

Raine Ritchey, Deputy, Fifth District

Maria Oms, Assistant Auditor-Controller

John Naimo, Chief Accounting Division, Auditor-Controller

Terri Kasman, Principal Accountant Auditor, Auditor-Controller

Martha Littlefield, Executive Office

Approval of Minutes

On motion of Angela Mazzie, seconded by Louisa Ollague, the Committee unanimously approved the December 19, 2002 minutes.

Old Business

Disputed Adoption Review. Review of the Department of Children and Family Services, Adoption Division's actions regarding a disputed adoption. The review assessed the appropriateness of the Adoption Division's handling of this case. **On motion of Clinton Tatum, seconded by Louisa Ollague, the Committee unanimously approved requesting DCFS provide an implementation plan for the Auditor-Controller's recommendations within 30 days.**

Board Policy #3.010 Workplace Charitable Giving Standard. Restores the Community Support Program Standards for Charitable Giving through Payroll Deductions and establishes fundraising threshold for participating umbrella agencies. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved extending the sunset review date to January 16, 2007.**

Board Policy #3.060 Sunset Policy Review Non-Discrimination On The Basis Of Disability. The Board of Supervisors approved the policy based on a recommendation by the County Americans with Disabilities Act Steering Committee and the Office of Affirmative Action Compliance to ensure that County departments comply with the ADA. The policy also requires departments to designate an ADA coordinator to ensure compliance with the ADA. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved extending the sunset review date to January 16, 2007.**

Board Policy #5.135 County Contractor Notification to Contract Employees Regarding the Newborn Abandonment Law (SB 1368 The Safety Surrendered Baby Law). **This item has been continued to the February 20, 2003 meeting.**

Department of Health Services Delinquent Self-Pay Accounts Follow-Up. **This item has been continued to the February 20, 2003 meeting.**

Department of Children and Family Services - Child Support Trust Account Review. The Auditor-Controller conducted a review of the Department's Child Support Trust Account (TK7) to reconcile the trust's balance in CAPS with DCFS' accounting records. A \$2,087,000 difference was found and the Auditor-Controller was able to account for \$1,327,493 but has recommended that DCFS consult with County Counsel on the remaining amount since the funds could not be reconciled using existing records. The Auditor-Controller offered to assist DCFS in developing a method to review the 3,500 accounts that make up the trust. **On motion of Louisa Ollague, seconded by Angela Mazzie, the Committee unanimously approved requesting that DCFS provide a detailed response to the Auditor-Controller's recommendations within 30 days.**

Department of Children and Family Services Adoptions Review. Operational review to identify significant procedures to streamline the adoption process. Review focused on policies and procedures, workflow and performance timeframes and disclosed a number of inefficient operating practices. Adoption workers are required to handle all case management responsibilities first, making adoptions a second priority. The Department has a limited ability to efficiently monitor staff's compliance of processing standards due to a lack of data integrity and management reporting capabilities. The Department has taken a number of actions to improve its adoption operations including a 14-point streamlining process plan. Reengineering adoption case handling and changing other practices should significantly improve adoption processing timeframes and increase the number of adoptions. The Auditor-Controller is anticipating an update report from DCFS and recommends that no action be taken by the Committee at this time. **On motion by Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Board Required Audits. **This item was continued to the February 20, 2003 meeting.**

Reports to be Received and Filed

2001-2002 Department of Children and Family Services California Department of Education Child Care Grant Audit. Simpson & Simpson conducted the annual audit of DCFS' Child Care Grant Agreement with the State of California Department of Education to verify that DCFS maintained adequate accounting and management systems and related internal controls to ensure that CPSP funds were controlled and

expended in compliance with applicable federal and state laws, regulations and contract provisions. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Response to Incidental Expense Review. The Public Defender's office responded to the November 4, 2002 memorandum from the Committee regarding the Auditor-Controller's review identifying the Public Defender's noncompliance with the guidelines regarding Incidental Expenses. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Reports Received

Board Policy #5.100 Sole Source Contracts. Policy states that County departments provide the Board of Supervisors with written notification sending a copy to the Chief Administrative Officer when departments intend to negotiate prospective large sole source contracts of \$250,000 or more indicating that the department will proceed with negotiations within two weeks unless otherwise instructed by a Board office. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved to extend the sunset review date to January 16, 2007.**

Board Policy #5.120 Authority to Approve Increases to Board Approved Contract Amounts. Policy states the Chief Administrative Office is responsible for reviewing and approving clauses in proposed contracts which delegate approval authority of stipulated percentage increases in Board approved contract amounts to department heads. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved extending the sunset review date to January 16, 2007.**

Department of Health Services – King-Drew Medical Center County-wide Timekeeping and Payroll/Personnel System Follow-up Review. **This item was continued to the February 20, 2003 meeting.**

Board Requested Reports. Review of the Department of Public Social Services' welfare fraud prevention programs is anticipated March 31, 2003. **On motion of Clinton Tatum, seconded by Louisa Ollague, the Committee unanimously approved receiving and filing this report.**

Food Stamp Bulk Storage Agents Review. Annual review of DPSS' three food stamp bulk storage agents' consolidated storage and distribution of food stamp coupons and General Relief blank check stock to the various issuance agents. One bulk storage agent had 209 more boxes of food stamps than reported because staff processed food stamp orders subsequent to physical count and prior to the contractor sending inventory information to DPSS. DPSS confirmed that the agent provided the documentation and accounted for the additional boxes. **On motion of Clinton Tatum, seconded by Louisa Ollague, the Committee unanimously approved receiving and filing this report.**

Report on Sheriff's Contracting and Purchasing Operations. **This item was continued to the February 20, 2003 meeting and staff will invite a Sheriff's Department representative to attend the meeting.**

Sheriff's Department's Response to the Follow-up Review Report. **This item was continued to the February 20, 2003 meeting and staff will invite a Sheriff's Department representative to attend the meeting.**

Other Business

Los Angeles County Comprehensive Annual Financial Report (CAFR) GASB 34 Implementation. Maria Oms and John Naimo, Auditor-Controller's Office advised the Committee that the 2001-2002 Annual Financial Report was completed by KPMG and is scheduled for release the last week of January. Several significant GASB mandated changes were implemented including the preparation of a new financial statement that reflects all the operations and entities under the Board of Supervisors' oversight and the consolidated balance sheet of all organizations under the Board of Supervisors' oversight. Agencies must now declare workers' compensation and sick leave liabilities and this raises the County's stated liabilities substantially. Currently, Moody's, one of the County's bond raters, focuses on the near term ability of the County to meet its obligations and does not plan to adjust its rating system. However, Moody's does plan to compile the new information to evaluate future trends.

Matters not on the posted agenda to be presented and placed on the agenda of a future meeting.

There were none.

Public Comment

There were none.

Adjournment

There being no further business to conduct, the meeting was adjourned at 2:13 p.m.